



**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

Issued by the Department of Transportation
on the 23rd day of February, 1998

Essential Air Service at

HEALY LAKE, ALASKA

under 49 U.S.C. 41731 *et seq.*

**Docket OST-98-3546
47515**

ORDER REQUESTING PROPOSALS

Summary

By this order, the Department is requesting proposals from all carriers interested in providing replacement essential air service at Healy Lake, Alaska.

Background

Frontier Flying Service, the incumbent carrier, has provided subsidized essential air service at Healy Lake for many years. Most recently, by Order 96-5-23, the Department selected Frontier Flying Service for an additional two-year period, through May 31, 1998. The service consisted of two nonstop round trips a week to Fairbanks with Cessna 207 aircraft at an annual subsidy rate of \$37,185. As a result of changes in Frontier Flying Service's fleet, the carrier has advised the Department informally that it would not submit a renewal proposal to serve Healy Lake beyond the end of the current rate period which will expire on May 31, 1998. As a result, we are requesting proposals from all carriers interested in providing replacement service.

Healy Lake's essential air service definition, as set forth in Order 91-4-46, requires at least two nonstop or one-stop round trips per week to either Fairbanks or Tok and may be provided with small aircraft. Further, flights meeting our essential air service guidelines at Alaskan communities must provide sufficient capacity to accommodate both cargo and passenger demand¹. Essential air service must also be operated at reasonable times taking into account the needs of passengers with connecting flights at such airports and at rates, fares and charges which are not excessive when compared to the generally prevailing fares of other air carriers for like service between similar pairs of points.

Procedures for Filing Replacement Proposals

For interested carriers unfamiliar with our procedures and recommended form for supplying the necessary information, we have prepared two explanatory documents that we will make available upon request. The first describes the process for handling carrier replacement cases under 49 U.S.C. 41734(f) and discusses in detail the process of requesting proposals, conducting reviews of applicants, and selecting a replacement carrier. The second

¹ See Appendix B for historical traffic data.

is an evidence request containing an explanatory statement, a copy of Part 204 of the Department's Economic Aviation Regulations (14 CFR 204), and schedules setting forth our recommended form for submitting data required for calculating compensation and determining the financial and operational ability of applicants to provide reliable essential air service. (Section 204.4 describes the fitness information required of all applicants for authority to provide essential air service.) Applicant carriers that have already submitted this information in another case need only resubmit it if a substantial change has occurred. However, if there are more recent data or if there have been any changes to the information on file, carriers should provide updates of those information elements. Interested carriers that need to obtain copies of these documents may contact the Office of Aviation Analysis at (202) 366-1053.

Other Carrier Requirements

The Department is responsible for implementing various Federal statutes governing lobbying activities, drug-free workplaces and nondiscrimination.² Consequently, all carriers receiving Federal subsidy to support essential air service must certify that they are in compliance with Department regulations regarding drug-free workplaces and nondiscrimination, and those carriers whose subsidies exceed \$100,000 over the life of the rate term must also certify that they are in compliance with the regulations governing lobbying activities. All carriers that plan to submit proposals involving subsidy should submit the required certifications along with their proposals. Interested carriers requiring more detailed information regarding these requirements as well as copies of the certifications should contact the Office of Aviation Analysis at (202) 366-1053. The Department is prohibited from paying subsidy to carriers that do not submit these documents.

Community and State Comments

If we receive competing proposals, the community and state are welcome to submit comments on the proposals at any time. Early in the proceeding, comments on the proposals' strengths and weaknesses would be particularly helpful, and the civic parties may also express a preference for a particular carrier, if they choose. In any event, after conducting rate conferences with all applicants, we will provide a summary of the conference results to the civic parties and ask them to file their final comments.³

This order is issued under authority delegated in 49 CFR 1.56(i).

ACCORDINGLY;

1. The Department requests that carriers interested in providing essential air service at Healy Lake, Alaska, submit their proposals, with subsidy if necessary, within 21 days after the date of service of this order. Proposals should include all the data required by section 204.4 of the Department's Regulations (14 CFR 204.4). An original and five copies of the proposal should be sent to the EAS & Domestic Analysis Division, X-53, Office of Aviation Analysis, Room 6401, Department of Transportation, 400 7th Street, S.W. Washington, D.C. 20590, with the title "Proposal to Provide Essential Air Service at Healy Lake, Alaska, Docket OST 98-3546";⁴ and

² The regulations applicable to each of these three areas are (1) 49 CFR Part 20, New Restrictions of Lobbying, implementing title 31, United States Code, section 1352, entitled, "Limitation on use of appropriated funds to influence certain Federal contracting and financial transactions"; (2) 49 CFR Part 29, Subpart F, Drug-Free Workplace Requirements (Grants), implementing the Drug-Free Workplace Act of 1988; and (3) 49 CFR Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation -- Effectuation of Title VI of the Civil Rights Act of 1964; 49 CFR Part 27, Nondiscrimination on the Basis of Handicap in Programs and Activities Receiving or Benefiting from Federal Financial Assistance; and 14 CFR Part 382, Nondiscrimination on the Basis of Handicap in Air Travel.

³ In cases where a carrier proposes to provide essential air service without subsidy and we determine that service can be provided reliably without such compensation, we do not normally hold rate conferences. Instead, we rely on the carrier's subsidy-free service as proposed.

⁴ After the proposals have been docketed, Department staff will contact each applicant and direct it to serve a copy of its proposal on the civic officials of the community, the state, and the other applicants. All applicants must then file a certificate of service with the Department's Documentary Services.

2. The Department will serve a copy of this order on the City of Healy Lake, the Governor of Alaska, the Alaska Department of Transportation and Public Facilities, Frontier Flying Service, and the carriers listed in Appendix C.

By:

CHARLES A. HUNNICUTT
Assistant Secretary for Aviation
and International Affairs

(SEAL)

MAP TO BE SUPPLIED LATER

Healy Lake O&D Traffic

Passengers	<u>1stQ 95</u>	<u>2ndQ 95</u>	<u>3rdQ 95</u>	<u>4thQ 95</u>	<u>Total</u>
Healy Lake-Fairbanks	7	8	23	28	66
Fairbanks-Healy Lake	<u>7</u>	<u>13</u>	<u>10</u>	<u>20</u>	<u>50</u>
Total	14	21	33	48	116

Cargo (lbs.)					
Healy Lake-Fairbanks	370	44	0	0	414
Fairbanks-Healy Lake	<u>2,029</u>	<u>1,547</u>	<u>933</u>	<u>1,641</u>	<u>6,150</u>
Total	2,399	1,591	933	1,641	6,564

Mail (lbs.)					
Healy Lake-Fairbanks	54	22	21	42	139
Fairbanks-Healy Lake	<u>1,756</u>	<u>1,567</u>	<u>1,811</u>	<u>2,949</u>	<u>8,083</u>
Total	1,810	1,589	1,832	2,991	8,222

Passengers	<u>1stQ 96</u>	<u>2ndQ 96</u>	<u>3rdQ 96</u>	<u>4thQ 96</u>	<u>Total</u>
Healy Lake-Fairbanks	16	17	3	11	47
Fairbanks-Healy Lake	<u>10</u>	<u>8</u>	<u>8</u>	<u>6</u>	<u>32</u>
Total	26	25	11	17	79

Cargo (lbs.)					
Healy Lake-Fairbanks	0	326	82	25	433
Fairbanks-Healy Lake	<u>1,221</u>	<u>801</u>	<u>961</u>	<u>3,146</u>	<u>6,129</u>
Total	1,221	801	961	3,146	6,129

Mail (lbs.)					
Healy Lake-Fairbanks	81	82	153	75	391
Fairbanks-Healy Lake	<u>2,182</u>	<u>2,704</u>	<u>954</u>	<u>2,737</u>	<u>8,577</u>
Total	2,263	2,786	1,107	2,812	8,968

Passengers	<u>1stQ 97</u>	<u>2ndQ 97</u>	<u>3rdQ 97</u>	<u>4thQ 97</u>	<u>Total</u>
Healy Lake-Fairbanks	10	3	4		17
Fairbanks-Healy Lake	<u>17</u>	<u>6</u>	<u>12</u>		<u>35</u>
Total	17	9	16		52

Cargo (lbs.)					
Healy Lake-Fairbanks	2,531	53	435		3,019
Fairbanks-Healy Lake	<u>1,465</u>	<u>795</u>	<u>118</u>		<u>2,378</u>
Total	3,996	848	553		5,397

Mail (lbs.)					
Healy Lake-Fairbanks	76	43	395		514
Fairbanks-Healy Lake	<u>2,531</u>	<u>1,034</u>	<u>2,358</u>		<u>5,923</u>
Total	2,607	1,077	2,753		6,437

Source: Frontier Flying Service Form 298-C, Schd. T-1

SERVICE LIST TO BE SUPPLIED LATER